

1 A. I don't know how much they're getting from
2 the retake systems. I don't think there are that many
3 industries or corporations that are able to generate
4 more -- enough power even for themselves. I see more
5 of that happening. I would like to see the wind
6 technology develop. I don't have a lot of immediate
7 hope for that.

8 Q. Approximately what percent of Santee Cooper's
9 energy needs can now be met by renewables?

10 A. Can or is?

11 Q. Can. Can now, so I guess it should be --

12 A. I think that's probably asking -- that's
13 really asking for statistics that I really don't know.
14 My guesstimate would be less than ten and probably less
15 than that.

16 Q. Okay. Please generally describe the current
17 demand side management program Santee Cooper has
18 marketed.

19 A. Now, that was in a rating conference. That
20 was one of the ways you could do this. I think at this
21 point you're charged for electricity based on what you
22 use. That they do not, at this point, monitor whether
23 you're using it during peak load times or not. There
24 are a couple that are getting real use time rating.
25 But for most of us, it is simply what you're using is

1 what you're paying for.

2 Q. Are these programs sufficient?

3 A. Are they sufficient? And that would be the
4 standard according to whom? Here again, I hate to
5 sound like Santee Cooper's biggest cheerleader, but I
6 just have a lot of admiration for them. I think they
7 have made moves forward that they thought were prudent,
8 and I think they have made a conscious effort to
9 incorporate as much new technology as rapidly as
10 possible to charge people as fairly as possible. And I
11 just can't fault them.

12 Q. What could be added?

13 A. Not being a visionary and not knowing
14 everything that they've tried, I don't know that I can
15 answer that. I think as each new thing comes up, I
16 think they've made a sincere effort to check it out.

17 Q. Do you agree with Santee Cooper's decision to
18 spend \$113 million over 12 years on efficiency
19 programs?

20 A. I didn't know that they had committed that
21 exact number. Do I have a disagreement with it? No.
22 Do I know if that's enough? I do not know.

23 Q. Describe the role that you believe can be
24 played by public power and how does Santee Cooper fit
25 into that role?

1 A. By public power, I assume you mean not
2 investor-owned utilities? I personally think that
3 taking the investor out of it makes the way a little
4 clearer for Santee Cooper to stay true to its mission,
5 to take care of the people of South Carolina, to
6 provide reliable electricity. And I think the latest
7 consumer surveys indicate that people are extremely
8 pleased, particularly with the reliability.

9 Q. I want to ask you a few questions now about
10 the qualities of board members to use conflicts, et
11 cetera. Please provide an overview of your view of the
12 role of the director on the Santee Cooper board.

13 A. Well, since I talk too much, let me say
14 that's fairly simple policy making.

15 Q. And how is that role different from the role
16 of Santee Cooper's executive staff?

17 A. How is it different? Could we say daylight
18 and dark almost? I see their role as -- I see the
19 board's role as policy formulation. I see management's
20 role as carrying out that policy. I see the board as
21 having a day job. I see management as having that as a
22 day job.

23 Q. Aside from annual audits by outside firms,
24 what other types of independent expertise should a
25 member of the board utilize in its decision making?

1 A. Well, I think Santee Cooper does a very good
2 job of employing outside consultants that are
3 knowledgeable and well known in their field. That's a
4 good thing. I think you can use information that other
5 board members have. You can use research that you do
6 yourself. You can ask advice of general counsel. That
7 fairly well cover it?

8 Q. What is your general approach to serving on a
9 board? Are you more of a leader, follower, planner,
10 mix?

11 A. Believe it or not, in the beginning I keep my
12 mouth shut because it's not like walking into a board
13 where it's an extension of what I do every day. It's
14 walking into a situation where other than basic things
15 like integrity and people are always people, it's just
16 very different. I know nothing about generating and
17 distributing electricity. So in the beginning, I'd
18 probably keep my mouth shut a lot. I don't have any
19 problem asking questions for clarification. And
20 usually, I guess I tend to be -- after I'm comfortable
21 with where I'm going, which I'm not at this point, then
22 I tend to be more outspoken. I don't think I ever want
23 to be the board chair.

24 Q. How much time do you anticipate preparing for
25 or participating in board activities?

1 A. Well, I noticed from the material that's
2 available before the board meeting, which usually is on
3 Monday, that most of my Sunday afternoons and Sunday
4 night would certainly be spent reading that. I do much
5 better in a meeting if I've read it beforehand. So I
6 can see probably three or four days at the maximum.
7 Since I own my own business, I can let myself be gone
8 when I need to.

9 Q. Will this time interfere with or be limited
10 by your other responsibilities or interests?

11 A. Well, my children are all gone. My husband
12 is independent. And besides my job, my church work, I
13 only serve on one other board at this time, so I can't
14 see that being an issue.

15 Q. Please briefly explain your understanding of
16 the history of Santee Cooper and its purposes and
17 operation.

18 A. History. Do we want to start before 1933,
19 1934? Do we want to start back with the Santee Cooper
20 now? The Santee Cooper, as I understand it, came into
21 being after the great depression. Probably got its
22 authority in 1934, which I understand is like 75 years
23 this year because about 93 percent of the people in
24 South Carolina did not have electricity. The quality
25 of life without electricity is not what I would choose

1 to live in and not what people of South Carolina need.
2 And so that was its original purpose was to improve, I
3 think, the health, prosperity and their quality of
4 life.

5 Santee Cooper's also charged with the
6 responsibility for making the economic community
7 welcome. They're a great attraction for jobs. It
8 keeps our economy fairly stable. It's grown now to, I
9 guess -- how much of this do you want to know -- about
10 1,800 people, nine or ten different facilities. And
11 still they do a great job of remaining true to what
12 they do, and that is providing all sorts of spinoff
13 services.

14 Do you want me to talk about all of those?
15 The gopher program, the mosquito control, the wonderful
16 canals, all of those things that they do down to the
17 internships for students. They do just a great job, I
18 think.

19 Q. What has your experience been with
20 interpreting financial documents?

21 A. Well, since I sell securities, that doesn't
22 necessarily qualify me to read them really, really
23 well. Generally, I think everybody understands a
24 profit and a loss. They understand debt and equity.
25 And so especially when somebody stands there and is

1 willing to explain it to you, it's not terribly
2 difficult.

3 Q. Are you familiar with any legal opinions or
4 orders or agency decisions impacting Santee Cooper?

5 A. I think there are probably several that are
6 out there. Unfortunately or fortunately, those are
7 usually covered in executive session and so most of
8 what I know I've seen in the newspaper. You know,
9 obviously there have been difficulties with permits.
10 There have been some suits of various kinds over
11 flooding, that sort of thing. All of those impact
12 Santee Cooper because of the time it has taken to
13 respond to those and jump through all those hoops. But
14 you have to do what you have to do. You can't just run
15 amuck.

16 Q. Do you have any direct or indirect business
17 relationships with Santee Cooper or any of its
18 wholesale power customers?

19 A. I only buy power from them.

20 Q. Does your affiliation with any professional,
21 civic, charitable or other similar organization present
22 a conflict or could it present a conflict with your
23 appointment?

24 A. I don't see any conflict. I know that the
25 board of Habitat for Humanity would be hard-pressed to

1 exist without the employees that donate their time, but
2 I don't see that as a conflict.

3 Q. What will you do if a conflict arises?

4 A. Immediately address it. The board chair
5 needs to know, general counsel needs to know. There
6 just needs to be full disclosure. With this age and
7 stage in my life, I don't anticipate that.

8 Q. Do you have any financial conflict of
9 interest that could result from your appointment?

10 A. No.

11 Q. Do you have any holdings in any electrical
12 utilities or other entity that may be impacted by the
13 decision of the Santee Cooper board?

14 A. There may be some funds that I own small
15 pieces in that have something to do with it, but I do
16 not know what they are nor am I aware that they exist.

17 Q. Do you understand the obligations and
18 responsibilities of this position?

19 A. I think I'm beginning to.

20 Q. What duty of loyalty or duty of care would
21 you owe to Santee Cooper?

22 A. Absolutely the highest and the best. They
23 would have to be the first concern.

24 Q. What role should a director's ideological or
25 political beliefs play in making a decision?

1 A. I think if you can't, pardon the vernacular,
2 sit on it, then you should simply excuse yourself from
3 the proceedings. I don't think that your -- obviously
4 a person comes with some opinions, but if you can't
5 listen to facts and weigh them and consider them, then
6 you don't need to be there.

7 Q. What is your opinion about the importance of
8 board unity?

9 A. It certainly helps. The meetings are not
10 nearly so long. As long as there's an open atmosphere
11 and people feel free to express their concerns and know
12 that they are judiciously addressed, I can't see that
13 board unity is much of an issue. It doesn't mean
14 everybody has to vote the same way all the time. You
15 just have to believe that what you're doing is the
16 right thing.

17 Q. Would you please describe your temperament.

18 A. I would like to describe myself as laid back,
19 but I'm probably not. I don't think I'm a type A
20 personality anymore. I have been accused of that. But
21 I do like to be doing something. On the other hand,
22 everybody else can have their turn. You know, when
23 you're a mother and you're a wife, you either learn to
24 get along or -- so I'm pretty easy going.

25 Q. If you were confirmed by the senate, what are

1 the first three things you plan to do as a board
2 member?

3 A. As a board member, say glory hallelujah. You
4 know, Heather, to start doing, I'd spend some time
5 attending some meetings because I really, really am
6 interested in this process. I would just have to say
7 that I would continue that. The major thing is I would
8 get to go to the executive sessions and hear what else
9 is discussed that now I don't have a clue. So that
10 would be what I would need to do is simply accelerate
11 the learning curve because I'm telling you if you walk
12 into this cold, it is daunting.

13 The first three things?

14 Q. The first three.

15 A. You know, until I get past that one, I don't
16 know. I don't think I need to go any further until I
17 get past that one. I'm very interested in what
18 happens. I'm very willing to learn, but -- and that's
19 where I am.

20 Q. And you've already answered this, but I need
21 to ask it anyway. Have you attended any meetings of
22 the Santee Cooper board?

23 A. Yeah. Or at least the part that I'm allowed
24 to attend. They're very gracious and the information
25 is really unbelievable.

1 Q. What have you done in preparation for serving
2 as a member of the board?

3 A. I've read lots of stuff. Last year, I read
4 Section 58 in its entirety. I read the Freedom of
5 Information Act. I read the ethics code. I read
6 Santee Cooper's annual report. I read their
7 engineering report. I had to call my son. Because I
8 just feel like you need to be up to snuff. And serving
9 on the board is not a problem unless you really want to
10 understand what's happening, and I kind of need to know
11 that.

12 Q. Do you have a brief statement concerning your
13 desire to serve on the board that you would like to
14 make for the subcommittee?

15 A. Don't you think I've said enough?

16 MS. ANDERSON: Okay. Mr. Chairman, I have no
17 further questions.

18 SEN. RANKIN: Mr. Ott.

19 REP. OTT: Thank you. I'll be brief.

20 BY REP. OTT:

21 Q. I'm very interested in the lake that Santee
22 Cooper still owns, and I've asked this question so I'm
23 asking it of all the people that are here.

24 As a board member, do you see not only an
25 obligation to be responsible for power generation, but

1 do you see any responsibility to those people who enjoy
2 the lake for recreational uses such as hunting and
3 fishing and the business owners and the public in
4 general, and do you have an obligation as a board
5 member to maintain the lake in a manner that provides
6 an utmost opportunity?

7 A. Let me answer that this way. I live on the
8 down side of the lake. The Tail Race Canal runs behind
9 my house, and there's a little canal under my kitchen
10 window. If we don't take good care of the lakes, then
11 the water that comes in the back of my house and makes
12 me so happy every morning and every afternoon would not
13 exist in the way it does now.

14 My boys have hunted. They have fished.
15 Their friends have done it. And I think that's a
16 real -- I hate to use word "sacred," but when a
17 resource like that is damaged, then that's almost
18 irretrievable. You know, you can create something
19 else, but if we lost those, the lakes, that would be
20 just a horrible loss for the entire state of
21 South Carolina and especially those who enjoy it every
22 day.

23 Q. So that is a yes, you would want to be having
24 some responsibility in maintaining the integrity of the
25 lakes?

1 A. We need to do that.

2 Q. Let me talk about conservation practices.
3 What do you think your responsibility would be as far
4 as -- you said you weren't aware of the 113 million
5 that Santee Cooper's obligated for conservation
6 practices. Do you think that's something that they
7 should be as interested in on the conservation side,
8 saving the existing power that they are currently
9 producing as they are in generating additional power?

10 And let me go a little step further so you
11 will understand where I'm coming from. A lot of my
12 constituents live in poorly maintained double- and
13 single-wide trailers that have terrible heating and
14 cooling systems, poor insulation, bad furnaces, and
15 they use a large amount of electricity that they don't
16 need to use if they lived in a better-maintained home.

17 As a board member, do you think Santee Cooper
18 and you would have some obligation to spend resources
19 to bring those facilities to a higher standard so that
20 their energy use would go down, yes or no, or what do
21 you think about it?

22 A. I think that any responsible corporate entity
23 has to take care of what they already do, and they
24 already produce power. I understand that the stimulus
25 bill is going to free up some money that I hope will

1 help those lower-income people. Because I'm very well
2 aware that if you live in a thousand square feet in one
3 of those places, your bill could easily be double or
4 triple what somebody who lives in a well-maintained,
5 well-insulated home with upgraded appliances.

6 So I think Santee Cooper has a
7 responsibility. I do not know in terms of dollar
8 figures what they had committed. I did not know it was
9 113 million. I do know that most -- that most of the
10 weatherization money, I would think, would be used for
11 low income people, wouldn't you think? You didn't ask
12 me, I'm sorry.

13 Q. I get to ask the questions.

14 A. I know. I keep forgetting that. I keep
15 thinking this is a conversation, and it's not.

16 So yeah, to one point, yes, but I don't see
17 me, as a board member, going out to Mrs. Jones and
18 saying "Mrs. Jones, Santee Cooper needs to give you X,
19 Y, Z to replace your mobile home."

20 I do think we can do a lot with insulation,
21 replacement of windows, helping them purchase more
22 efficient appliances. I think they can do a lot in
23 that regard.

24 Q. And where would you think the money would
25 come from to go in and insulate my double-wide trailer,

1 if I had one?

2 A. I don't know of that 113 million that's in
3 Santee Cooper's budget, I gather, for conservation, I
4 don't know how much of that goes for that. I have no
5 idea. But I understand there's, what, another
6 50 million coming down the pipe? Is that what I hear?
7 Excuse me.

8 Q. Okay.

9 A. You can tell I don't do this, can't you?

10 REP. OTT: Thank you.

11 SEN. RANKIN: For not doing it, you do it
12 pretty well. Just a couple of questions myself.

13 BY SEN. RANKIN:

14 Q. I read your or tried to read most of your
15 answers that, again, you have not updated, you didn't
16 need to update them, I think you said earlier, right?
17 These are the questions you --

18 A. I could have updated them, but nothing
19 substantial changed, obviously. Instead of working 25
20 years, it's been 26. Instead of one child being this
21 age, they're another.

22 Q. And you were a superintendent?

23 A. No, I was not. If anything gave you that
24 impression, that's where I thought I was headed.

25 Q. Okay.

1 A. And so because I did that, I got that
2 certificate, that certification, yes, sir, and started
3 on the administrative path in the school system.

4 Q. In Berkeley?

5 A. Charleston County.

6 Q. Charleston. And you are a State Farm --

7 A. Agent.

8 Q. -- agent and you make your money, you're fed
9 by your efforts --

10 A. Correct.

11 Q. -- selling life insurance, investment --
12 investments?

13 A. The biggest percentage from
14 property/casualty, after that life, after that health
15 and after that investments.

16 Q. Okay. And you have an agency in --

17 A. Moncks Corner.

18 Q. -- Moncks Corner? And that is your agency?

19 A. Yes, sir.

20 Q. How long have you had that?

21 A. 26 years.

22 Q. All right. You have been appointed by
23 Governor Sanford who you supported and gave money to?

24 A. Yeah.

25 Q. What questions or what conversations have you

1 had with him? Not that supporting him or donating to
2 his campaign is in any way a negative thing, certainly
3 it's not. But particularly with respect to your being
4 here today, what conversations have you had with him?

5 A. Very few. As I indicated earlier, my
6 question was, "And what would somebody expect me to
7 bring to this board?" And the response was, "I believe
8 you to be an independent thinker. I believe that you
9 have integrity and I believe that you can be
10 transparent, and that's all I need from you."

11 Q. And when was that? Is that a face to face or
12 on the telephone?

13 A. That was on the telephone.

14 Q. Have you ever met with him?

15 A. Yes, I have. Last year, and I'm sorry I
16 don't remember exactly when last year. I spent a few
17 minutes talking to Scott English who works in his
18 department. The governor came in for less than five
19 minutes, asked me -- it must have been last fall
20 because the question was about how the economy seemed
21 to be in Moncks Corner, and we expect you to do a good
22 job. And that was it.

23 Q. Okay. Have you -- do you know his position
24 on the Pee Dee coal plant?

25 A. I would gather that that wouldn't be his

1 first choice of facilities.

2 Q. Do you know that or you're assuming that?

3 A. Just from things -- we have not ever had a
4 conversation about that. So from personal firsthand
5 knowledge, I could not say that I know that. It's all
6 hearsay.

7 Q. Just from the newspaper articles --

8 A. Yeah.

9 Q. -- have you read?

10 A. Like I said, I would gather that wouldn't be
11 his first choice.

12 Q. In terms of nuclear, do you know his position
13 on that?

14 A. I don't. I would assume from what I --
15 just -- and this is just a general impression, that he
16 would be more supportive of that, I would think. But I
17 don't know that.

18 Q. Okay. Do you know how long your term is?

19 A. Originally, I think it was supposed to be for
20 seven years because it was the vacated seat of Paul
21 Campbell. But the seven years, I think, started in
22 2006 or '7.

23 Q. Okay. Obviously, being from Moncks Corner,
24 you are acutely aware of the regard Santee Cooper holds
25 in that community.

1 A. Absolutely.

2 Q. And you, I'm sure, are aware of the --
3 somewhat of the history that we had in generating this
4 bill which makes -- requires you to have certain
5 qualifications. Do you recall that, that history?

6 A. Well, I know there have been some issues with
7 board members going on, going off, some acrimony, that
8 kind of thing. You couldn't miss that.

9 Q. Okay. The idea of selling Santee Cooper, do
10 you recall that?

11 A. I recall that that was an issue that was
12 brought up, yes.

13 Q. One of your written responses with regard to
14 conflicts seems appropriate to me to maybe get you to
15 expand on, in your role as not the governor's
16 appointee, but the folks from Berkeley County, if the
17 governor has one agenda and asks you to carry that
18 forward, how will you square that if that is not your
19 agenda or if it's not in the best interest of the folks
20 you are serving and, in fact, will be the state, if
21 you're appointed?

22 A. I would not like to think that my appointment
23 was because I was -- appeared to be a rubber stamp.
24 Obviously, you know that I don't believe there's
25 anybody that resides in Berkeley County that would like

1 to sell Santee Cooper. I certainly would not.

2 Q. And that decision will never come before you
3 again.

4 A. That's a legislative thing. We can't even
5 sell surplus property or property unless it is
6 surplus. I'm sorry to be using the word "we." I'm
7 not on the board.

8 Q. You are a South Carolinian, so "we" are all
9 in this together.

10 Do you agree with the changes that we made to
11 the qualifications of board members to Santee Cooper?

12 A. I think it's a very important position, and I
13 think that a person needs to be held to a very high
14 standard. And so I have no disagreement at all with
15 what you've done.

16 Q. You wrote that, "The board cannot become a
17 forum for perpetuating doctrines or beliefs when they
18 are in conflict with the best interest of the many."

19 Do you still believe that?

20 A. Yes, sir.

21 Q. Okay. The idea of the cap and trade, just
22 like mark to market, all these new terms that have
23 great -- and I noticed you rolled your eyes earlier and
24 you just did it.

25 A. I'm sorry.

1 Q. I wrote a note to my neighbor here. It's a
2 very -- I think it was said of you that you were very
3 transparent. You certainly were in those rolls of the
4 eye, and I appreciate that.

5 A. I was going to behave today.

6 Q. You're behaving. You're behaving. This was
7 asked earlier of one of the folks about not your
8 decision as to whether we -- whether we endorse this or
9 not, but your understanding of how that congressional
10 debate will affect the folks in Berkeley, in
11 South Carolina. Do you have a general sense of what's
12 at risk for us if that cap and trade or the auctioning
13 of credits is passed?

14 A. I'm quite sure that I cannot even begin to
15 imagine the impact that's going to have. I just can't
16 even begin to imagine it because I heard that the
17 figure that they expect to generate is at least
18 680 million or something and could be as much as
19 2 billion. Is that correct? Sorry. You know, I think
20 that's kind of the plan in the budget and that, to me,
21 just -- that's a lot of money.

22 Q. And that, you understand, to reduce
23 emissions?

24 A. To reduce emissions, yeah.

25 Q. Okay. And again, as I said earlier to one,

1 you don't decide but we have to partner as to how we do
2 that, how we incentivize conservation, the single- or
3 double-wide mobile home, that there's so many of them
4 that are poorly insulated. What is your role in that
5 or Santee Cooper's role, what would that be in a policy
6 adopted by the state?

7 A. Well, obviously the policy that's adopted by
8 Santee Cooper is going to be accountable to the state,
9 the legislator, the General Assembly, for what they do.
10 But they're just going to have to be extremely
11 proactive in order to meet those standards. And I
12 think the tab is going to be awfully high if we
13 continue without making major improvements. But can I
14 begin to imagine the scope at this point? No.

15 Q. You were asked about, and I appreciate your
16 answer, not being an engineer, but you mentioned one
17 possibility of retrofitting the older generation
18 plants. Is that kind of an idea or is that something
19 you have looked at or read about?

20 A. No, I just have a son who's a chemical
21 engineer and so we talk a lot. And in general with
22 houses and that kind of thing, you don't need to know
23 all that. But I think we have older plants that do
24 have more emissions. I do not know what the cost
25 analysis would be with simply replacing those

1 facilities or attempting to retrofit them. I don't
2 know if you can put in new scrubbers, filters, washers,
3 whatever it is that you put in to keep the emissions
4 down, to clean those particulate matters before they
5 escape into the atmosphere. I have no idea.

6 Q. You have read a lot, you said. Have you read
7 the PURC committee report? And I'm going after the
8 energy policy report.

9 A. I haven't seen that one.

10 Q. Okay. Ever heard of it?

11 A. I've heard the word PURC.

12 Q. Was that regarding natural coffee?

13 A. No, that's with a K.

14 Q. All right. Very good. Your superintendent
15 certificate was not lost.

16 A. Yet.

17 Q. Yet. Well, this, obviously, is very
18 important to this committee of which we are a
19 subcommittee, and this was presented to congressional
20 delegation six or eight weeks ago. I commend it to
21 your reading because this talks about what's available,
22 the risk of the cap and trade, the carbon tax, all that
23 simulates what we know today as to what resources we
24 have, what generation potential we can have, and the
25 risks that are being discussed in federal government.

1 So anyway ...

2 A. You can get me that?

3 Q. You can get it.

4 A. Yeah.

5 SEN. RANKIN: All right. Anything else?

6 Thank you very much.

7 REP. OTT: No, I'm not.

8 MS. PINNELL: Thank you. You do ask hard
9 questions.

10 (A recess transpired.)

11 REP. OTT: I'm sorry for the delay, and
12 Senator Rankin is going to try to get with us
13 momentarily. He called and said for us to get started.

14 I want to welcome you and thank you for
15 coming. I'm going to ask Ms. Byers if she would get
16 you sworn in.

17 BARRY D. WYNN, being first duly
18 sworn, testified as follows:

19 REP. OTT: And I'm going to turn it over to
20 Ms. Coombs for a series of questions that we would like
21 for you to respond to.

22 MR. WYNN: Great.

23 MS. COOMBS: Good afternoon, Mr. Wynn --

24 MR. WYNN: Good afternoon.

25 MS. COOMBS: -- and Mr. Chairman.

1 Mr. Wynn is a candidate seeking reappointment
2 to the Fourth Congressional District seat on the Santee
3 Cooper board of directors for the term commencing
4 May 19th, 2007, and expiring May 19th, 2014. And he
5 has been serving since 2006.

6 BY MS. COOMBS:

7 Q. Would you please state your full name and
8 current address for the record.

9 A. It's Barry D. Wynn, and 138 Turnberry Drive,
10 Spartanburg, South Carolina 29306.

11 Q. Mr. Wynn, we've received your complete
12 confirmation package. Are there any changes or is
13 there any additional information that you wish to
14 provide for your personal data questionnaire or your
15 statement of economic interest?

16 A. I don't think there would be any changes,
17 additions.

18 MS. COOMBS: Mr. Chairman, we would like for
19 the staff summary of Mr. Wynn's personal data
20 questionnaire to be the next hearing exhibit.

21 REP. OTT: So done.

22 (EXHIBIT 7, Summary of Background Information
23 for Barry D. Wynn, admitted.)

24 BY MS. COOMBS:

25 Q. Mr. Wynn, we also sent you a set of

1 questions, and we've received your responses. If we
2 ask you these questions today, would your responses be
3 the same?

4 A. Yes, they would.

5 MS. COOMBS: And, Mr. Chairman, I would like
6 to put his responses to those written questions in the
7 record, also.

8 REP. OTT: So moved.

9 (EXHIBIT 8, Preliminary Questions, admitted.)

10 BY MS. COOMBS:

11 Q. Would you please briefly summarize your
12 educational and work experience.

13 A. I've worked with several firms, all related
14 to the capital markets and investment banking. Many
15 years ago, I was a vice president Robinson-Humphrey
16 Company and before that was with Lehman Brothers. And
17 in 1988, a partner and I bought the Colonial Trust
18 Company. It was kind of a shell of a company, but
19 we're involved in trust management, estate management
20 and investment advisory work.

21 And I've graduate from The Citadel and
22 studied at the New York Institute of Finance and
23 received the different licenses that you receive when
24 you do that.

25 Q. Okay. And we've asked a good many questions

1 about energy in general and Santee Cooper specifically
2 of all the candidates, and I know that you've been
3 serving on the board for several years. We're going to
4 ask you the same questions --

5 A. Sure.

6 Q. -- mostly.

7 Can you tell us what Santee Cooper's current
8 generation mix is?

9 A. It's about 70 percent -- on a yearly basis
10 about 70 percent coal and, of course, at peak that
11 would get up to -- excuse me, it's 80 percent coal. It
12 peaks, it can go down to 70 percent. And then the
13 nuclear would be around 5 percent at peak and probably
14 5 percent regular. And natural gas would be -- I think
15 natural gas at peak levels would be around 20. And
16 then, of course, we don't burn much diesel except in
17 case of a peak emergency. Of course the -- well, I
18 guess that covers it.

19 Q. Okay. Do you know what the relative age of
20 Santee Cooper's baseload fleet is, particularly the
21 coal plants?

22 A. Well, let's see, we built -- we got two that
23 are relatively new, Cross 3 and 4. And that the
24 average age, I guess you go from 2007 all the way back
25 to the '50s, so I guess the average age would probably

1 be maybe around 30 years or 35 years.

2 Q. So do you know what the expected remaining
3 life of these coal plants would be?

4 A. Those early ones, I think somebody could make
5 an argument that some of the older ones are in the
6 latter stages of their life. And of course I think the
7 recent additions, Cross 3 and 4, I think they've got
8 many, many more years to go.

9 Q. There was a report recently submitted to the
10 review committee that indicates that the average
11 remaining life of coal plants in general in
12 South Carolina is 27 years, but for Santee Cooper the
13 average remaining life is 38.7. Given the generation
14 mix and the age of the coal facilities of Santee
15 Cooper, if Congress were to pass -- excuse me, if
16 Congress were to pass measures requiring a transition
17 to a coal-constrained economy, what would the -- what
18 challenges would this present?

19 A. I think it would be enormous challenges
20 because right now we really don't have an alternative.
21 If we started looking at, first, it was Grainger and
22 Winyah and started looking at those in terms of
23 shortening their life or converting away from them,
24 closing them up, there really isn't an alternative for
25 that right now. I think it would present a real

1 emergency.

2 I guess what you'd be forced to do at this
3 point in time, you'd probably be forced to build a lot
4 of gas plants, maybe, to, you know, to meet those
5 demands. And of course we do need probably to go ahead
6 and finish the Pee Dee facility and have that on stream
7 as quickly as possible. But I think -- again, I think
8 we're really not in a position right now to be closing
9 a lot of plants because we don't have a lot of surplus
10 production or generation power. And I think it would
11 be a serious problem for them to have to deal with.

12 We're many years away from building a nuclear
13 plant. We're in the process -- in the permitting
14 process, but, you know, it's somewhat uncertain
15 territory that we're getting into in going through that
16 process in terms of timing, whether it would be, you
17 know, 16 or 17 or even longer. So any quick and
18 immediate replacement of those older plants, if it had
19 to be done, would create very serious problems.

20 Q. Have you all discussed any -- what the impact
21 would be of a carbon tax --

22 A. Yes.

23 Q. -- on your customers?

24 A. I think it would obviously be a very serious
25 impact. And right now, there are a lot of business and

1 industry that have come to South Carolina, particularly
2 in our area where we serve, they've come here for a lot
3 of reasons. One of the reasons maybe was a friendly
4 labor environment and obviously there are a lot of
5 things that attract everybody to our state. But one of
6 those factors was a fairly inexpensive and reliable
7 energy source.

8 I think there are a lot of those companies
9 that may actually -- could be a tipping point as to
10 whether they can survive or not, whether they can stay
11 here or not if they saw significant increases in their
12 power bills.

13 So again, I think it's a big challenge. Any
14 time you raise the cost of power in South Carolina,
15 somebody is going to be affected by it. I think it's
16 obviously all the residents are affected by it, but
17 even more crucial might be the job creators and the
18 people who are providing employment and particularly in
19 our areas but around the state.

20 Q. Okay. Can you tell us who Santee Cooper's
21 customers are?

22 A. Well, we have our direct customers, you know,
23 in Dorchester County and Horry County, those that
24 aren't served there by -- aren't served by SCANA or
25 Progress, Carolina Power & Light, Horry County,

1 Berkeley County and Dorchester County.

2 We obviously always also have industrial
3 customers and military customers, and we have our
4 contract with Central, and that's probably about 57,
5 58 percent of our customers actually go through
6 Central, all their cooperatives. So that's essentially
7 the customer base.

8 Q. Do you know what the relative percentages are
9 of these various groups of customers with respect to
10 the sales of energy by Santee Cooper?

11 A. I think it's about 55 percent with Central,
12 about less than 20 percent would be industrial,
13 military, and around 30 percent of the remaining would
14 be -- a little less than that would be direct
15 customers. Our service areas, I mean, we touch two
16 million customers basically, but ...

17 Q. And what would be each group's -- each group
18 of customers' responsibility for the capital costs of
19 capacity?

20 A. I don't have those numbers exactly, but I
21 think the proportions are somewhat in line with their
22 percentages as far as customers are concerned. In
23 other words, I think it would be skewed more, I think,
24 towards direct customers. But of course that's some
25 ongoing discussions about that right now. But it's

1 skewed a little bit towards the direct customers but
2 generally in those proportions.

3 Q. Okay. Do you agree with the claim that
4 Santee Cooper will be short on supply in 2013 if new
5 facilities are not constructed and energy efficiency
6 and conservation measures not undertaken?

7 A. I generally agree with that. If the
8 projections are correct, that we're going to add
9 population of a million before 2025, we're going to be
10 getting towards that number. I mean, it's not going to
11 be a direct trajectory, but it will be growth in that
12 time that you're discussing there. So, yes, I think
13 that we've already seen some peak times where we've had
14 shortages, we've had to buy power. So it wouldn't take
15 a whole lot of growth over that period of time for us
16 to have shortages.

17 So I do think it's necessary for us to move
18 forward with adding generation capacity, whether it be
19 the Pee Dee or whether it be the nuclear facility. I
20 don't think there's any question if all the projections
21 about population growth are correct, are reasonably
22 correct, then we have to add generation capacity.

23 Q. And you mentioned coal and nuclear. That's
24 what you believe should be built?

25 A. Well, I think that had we not built Cross 3

1 and 4 and we built natural gas facilities instead, we
2 would -- our customers would be paying higher rates
3 today than they are paying if we hadn't done that. So
4 some of this is really a matter of whether we're going
5 to continue to provide competitive rates for our
6 customers. And if that wasn't the mission, of course,
7 we really wouldn't worry about the cost of the fuel;
8 and therefore, we may could have made decisions
9 different than what we made or maybe different
10 decisions in the future.

11 But if costs are one of the driving forces to
12 keep those costs down to be competitive with the retail
13 customers and the industrial customers, then I think
14 coal and nuclear are going to have to be the answer in
15 terms of the baseload. I think they're obviously --
16 we're making a lot of effort in some of the other areas
17 where we're looking at conservation and doing
18 everything we can to promote that because I think
19 that's incredibly important. It's the cheapest source
20 of power, if you will. And we're obviously doing the
21 wind studies that you've read about recently, and I
22 think that's an ongoing project. And the solar
23 studies, where we've done different research in that
24 area. We're in the schools promoting that in terms of
25 the research out here. But I don't see that being a

1 significant percentage of the generation that we're
2 going to be talking about for the next few years.

3 I'm not sure we're there technologically, and
4 I'm not sure whether we're there from a cost
5 competitive point of view. And I just think that if we
6 don't add baseload over the next decade, we are going
7 to be facing shortages.

8 I think another point, though, about adding
9 coal generation is if we ever are in a position where
10 we do have to close some of the older plants that are
11 less efficient that have more emissions, then it
12 certainly would make sense to me to be adding baseloads
13 of coal that are much more efficient, much more
14 productive. And I think that's what the Pee Dee
15 facility represents.

16 Q. The era of uncertainty facing our state and
17 nation is likely to be very perplexing to any utility
18 as it desires do plan 30, 40 or 50 years out. How
19 generally would Santee Cooper go about planning or what
20 should its approach be for planning for this era?

21 A. Well, I think -- I don't think that in the
22 75-year history of Santee Cooper have we ever had more
23 uncertainty relative to planning than we have right
24 now. We have a very uncertain credit market and, you
25 know, our debt to equity ratios are about 70/30. We're

1 going to have to refinance a lot of debt issues over
2 the next ten years, and we're facing probably one of
3 the most uncertain credit markets we've ever seen. I
4 think that's a big factor to try to evaluate and it is
5 also something that has no clarity at this point.

6 I also think that the issue of legislation
7 and where is it going relative to either capital trade
8 or -- capital trade or cutting back on these older
9 facilities before their full life might be exhausted.
10 These are matters that I think we need clarity in order
11 to be able to do these 10- and 15- and 20-year type
12 projections.

13 So again, I think this is an incredibly
14 difficult time to be able to say what is your
15 generation going to be for the next ten years and what
16 is your credit cost going to be for the next ten years?
17 Maybe one of the most important things that we need to
18 make sure we keep our eye on is the creditworthiness.
19 I think that we've certainly seen a huge change in the
20 credit markets. And the biggest part of this change is
21 that if you are very -- have very good creditworthiness
22 and you're a double A issue or triple A issue with any
23 of those folks, then the credits are going to be
24 available. Even available in this crazy-type market
25 we're in.

1 But if you're substandard and the people view
2 that you're moving in the wrong direction and you may
3 be a double A going to a double A minus or you're a
4 single A going to a single A minus, if your trend is
5 bad, then the credit markets just don't want to have
6 anything to do with you. And so either you're going to
7 have credits unavailable or the cost to get credit is
8 going to be so high, that any 10-year projection you
9 could have could be blown away by the fact that you're
10 refinancing 5 percent bonds at 7 or 8 percent.

11 And I think that may be one of the most
12 crucial things that Santee Cooper is facing over the
13 next decade is to make sure that they maintain that
14 creditworthiness that they've had in their history.

15 Q. What is their rating now?

16 A. Well, Moody's is double A minus and Fitch is
17 double A and Standard & Poor's is like minus, I think
18 they call it minus one or something.

19 But generally, we have -- right now, we would
20 be considered very high quality. And even more
21 importantly, if you look at all three of the latest
22 rankings we've had, it says stable environment, which
23 means that they're not pointing the arrow down, they're
24 pointing the arrow straight across.

25 The key thing right now, I think, with most

1 of the rating services is where is the arrow pointing?
2 If you're single A and you're pointing up, that's good
3 news. People are going to be attracted to that. And
4 if you're double A and you're pointing minus, they're
5 not going to be attracted to it. So I think right now
6 we are in a very, very good situation in the sense that
7 we have a strong credit and we have a stable
8 environment. But it is key for us to be able to
9 maintain that. It is so important. It has never been
10 any more important.

11 What we went through in the last year in the
12 credit markets is kind of like the depression. The
13 depression, when it happened, it created a scenario for
14 the next 20 or 30 years. And what happened in the last
15 year, when the credit markets froze, we're going to see
16 the effects of that for the next 10 or 20 or 30 years.
17 And the biggest effect is the credit spreads that are
18 going to be with us for a long period of time. So if
19 you ever get down to a triple B or a double B or
20 something, there is no credit.

21 REP. OTT: Excuse me. Do you see our credit
22 getting better or worse as we go forward with the
23 Pee Dee coal plant and the joint venture with nuclear,
24 is that a beneficial thing going forward or is it --

25 MR. WYNN: I think it's a little too early to

1 tell on the nuclear because it's very difficult to know
2 what the costs are going to be involved in the nuclear
3 and the timing of when it would all take place.

4 I think in the idea of Pee Dee, I think it
5 would probably be constructive. Again, that might
6 change with the pending legislation coming out of
7 Washington. I mean, it might be the absolute right
8 thing to do and the credit agencies say it's the right
9 thing to do and I think it's the right thing to do. If
10 they change all the rules on us, that may change that.

11 REP. OTT: Excuse me. Go ahead.

12 BY MS. COOMBS:

13 Q. Given the fact that it's much more expensive
14 to build generation today than it was just even a few
15 years ago, do you favor a consortium approach to the
16 construction of facilities where a group of utilities
17 would get together and share in the costs and the risks
18 associated with that?

19 A. I definitely think that's the case with
20 nuclear. I mean, we certainly wouldn't be in a
21 position to independently kind of go on our own with
22 nuclear. And to the extent that we want to be a part
23 of that, we almost have to do it that way. I would not
24 see that as necessarily the case of a coal-fired plant
25 or even natural gas.

1 Q. Do you support further investment in and
2 reliance upon nuclear generation?

3 A. I do. I do. I think that -- I mean, there
4 needs to be a bridge that is built in the next 10, 15
5 or 20 years and that bridge is going to consist of coal
6 and natural gas and conservation and alternatives and
7 hopefully wind and solar and so forth. But ultimately,
8 I think we have to get to nuclear, so I think we need
9 to take the steps to continue to move down that road.

10 Q. Do you believe Santee Cooper should continue
11 with its plans to build the Pee Dee plant in the face
12 of the mounting likelihood that we will have some
13 climate change legislation and other --

14 A. I still think that it's hard to know what the
15 changes will be. When it does come out of Congress, it
16 kind of depends on what day of the week you read the
17 newspaper about it.

18 I do think we're going to have some -- some
19 taxes, some type of a cap and trade, some version of
20 that is probably going to pass. When it does pass,
21 it's going to probably raise the cost of operating that
22 kind of facility. But I think at this point in time it
23 is the alternative that serves us best. I just don't
24 see the alternative to coal at this particular time.

25 Q. I've read where Santee Cooper is increasing

1 its rates for the first time in 12 years.

2 A. Uh-huh.

3 Q. How did Santee Cooper prevent rate increases
4 during that time?

5 A. I think a combination of a number of things.
6 Because if you go look at most of the utilities,
7 investor-owned utilities and co-ops in other states, I
8 mean, they've had a number of increases over that same
9 period of time. I think it's been a combination of
10 several things. One, I think the management had the
11 foresight to build those coal-fired plants that they
12 built when they built them. And there's no question
13 that when you've had escalations in the cost of diesel
14 fuel and escalations in the cost of natural gas, that
15 coal's increase in cost as a fuel has been much less.

16 So I think our dependence on coal actually
17 has been part of keeping our costs down for our
18 customers. And also I think that there's been a strong
19 effort of stewardship by the board as well as the
20 executive staff there to keep costs trimmed. I mean,
21 there have been a lot of small measures that if you add
22 all those small measures up over a period of years,
23 they've actually been effective cost-saving mechanisms.
24 So I think it's a combination of all those things.

25 But you know that even coal prices had a big

1 escalation in 2008. And we did save some money on that
2 because we had four contracts on a lot of the coal that
3 we used in 2008 that we bought in the futures market
4 prior to that at much, much lower prices. So we were
5 really able to weather some of the storm, the big
6 escalation in coal prices by having future contracts
7 that hedged us in such a way that we didn't have to
8 pass those costs on to the consumers.

9 Q. I was reading yesterday about the
10 transportation costs for coal going up 50 or 100
11 percent. Does Santee Cooper bring in the coal by
12 train?

13 A. Right. Right. I think all our coal actually
14 comes in by rail, and that's definitely going to be --
15 that's definitely going to be another cost increase
16 that we're going to have to look at. It's hard for me
17 to imagine a situation where consumers are not going to
18 be paying more for their energy bills over the next
19 decade. It's very possible that those costs could be
20 significantly higher than what they are today.

21 Q. So would you say that these new rates that
22 Santee Cooper is going to probably approve would not --
23 is it safe to say those rates are not going to be in
24 place for 12 years, is that what you're saying?

25 A. It would be my guess that they won't be. I'm

1 not speaking for management, but it would be my guess
2 because it's not factoring in a lot of things that we
3 talked about today. They're not factoring in capital
4 trade expenses. They could be much higher. Of course,
5 those might be directly passed on, but, still, they're
6 going to be increases. It doesn't factor in whether or
7 not we might be forced to use natural gas instead of
8 coal, which would certainly be a more expensive fuel.
9 I don't see a whole lot of forces out there in the next
10 ten years that are going to put prices down. I see a
11 fair number of forces that will push prices up.

12 Q. How does Santee Cooper set its rates?

13 A. How will they set these new rates?

14 Q. Uh-huh.

15 A. They'll go through a process, number one, of
16 going through the fundamentals of what would be the
17 rate that we need to charge that would continue the
18 stability that we have to have to remain viable. The
19 creditworthiness part. We do have to have retained
20 earnings obviously to continue to exist and to continue
21 to pay the state the monies that we pay the state. So
22 it has to remain a viable concern. So there's a
23 certain rate that we'll have to get to achieve that,
24 and it will certainly be a somewhat higher rate than
25 we're charging currently.

1 And then we'll have public hearings on those,
2 and they'll discuss the whole process that we went
3 through to come up with that decision. And the public
4 would certainly be invited to give their responses, and
5 then we assure they will.

6 Santee Cooper is lucky in the sense that most
7 of their customers really have a good feeling. There's
8 a lot of good will out there by Santee Cooper. And
9 when we do surveys, we do those, I think, every year,
10 97, 98 percent of the surveys that come back say they
11 feel very favorable about the reliability and the cost
12 and so forth of Santee Cooper.

13 Now, of course, some of those surveys came
14 out before some of the price increases that we're
15 talking about. It may affect some of that forward, but
16 I do think we're going into this with a lot of
17 reservoir of good will.

18 Q. So does the board attend those public
19 hearings and hear what the public has to say?

20 A. You know, the whole board probably won't
21 attend every hearing, but there will be board members
22 present at every hearing.

23 Q. And I'm familiar with how the PSC sets rates
24 but not at all familiar with how Santee Cooper sets
25 rates. So people that appear before the Public Service

1 Commission can ask questions of the utility and get
2 their cost of service studies and, you know, whatever
3 the utility uses to set its rates.

4 A. To come up with the rate setting, yes.

5 Q. Now, are your customers allowed to do the
6 same thing, they can ask you for that information? Are
7 you that -- are you that involved? Is the board that
8 involved at that level with the setting of rates?

9 A. Well, we'll be involved in this establishment
10 of rates, I think. In terms of on an ongoing basis,
11 are board members asked by customers about the rates?

12 Q. No, I guess my question is, if I were to go
13 to the hearing --

14 A. Yeah.

15 Q. -- and let's say I know something about it.

16 A. Right.

17 Q. So I would want to ask the information so I
18 could check it out and see what I thought about it.

19 A. Right.

20 Q. Can your customers do that?

21 A. Attend those hearings? Yes.

22 Q. And ask you questions ahead of time so they
23 can sort of take a look at things. I mean, that's what
24 we used to do.

25 A. I'm not sure I have an answer for that.

1 Q. Okay.

2 A. I do know that they can attend those hearings
3 and have all that information presented to them at that
4 time.

5 Q. Okay.

6 A. Whether they can get it in advance of that,
7 I'm just not sure. It's going to be available to them.

8 Q. Is that coming up any time soon?

9 A. That's going to start right away. We're
10 expecting by November actually to have those rates in
11 place or approved and so forth. So the process started
12 basically two days ago at our board meeting. We kind
13 of approved the preliminary process.

14 Q. Okay. What steps can Santee Cooper take to
15 expand its energy efficiency and conservation programs?

16 A. Well, I think they're already in the process
17 of doing this. They've got several programs right now
18 that have -- of course, the CFL program is something
19 that's been going on before I got on the board, and
20 that's been promoted very heavily. And they go into
21 schools and they talk to school members and they
22 explain to them how they can replace their light bulbs,
23 add more efficient light bulbs. That's been a pretty
24 successful program. And they actually show how much
25 power you save when you take out this bulb and put in

1 this bulb. So I think that's been very educational. I
2 understand that a lot of those students go home and
3 talk to their parents and so forth.

4 We also have programs that related to, you
5 know, have more insulation in the home so that you cut
6 out energy usage in your home. We've also gone to
7 businesses and talked to them about the same thing.
8 We've also got programs where we talked about how you
9 can use energy less during those peak times and have
10 programs that actually help on the conservation side.

11 So I think there are a number of programs out
12 there right now, both educational programs and actually
13 going into businesses and talking to residents about
14 how they can save money in their businesses and in
15 their homes. It's a big part -- I mean, our goal, of
16 course, between now and 2020 is to have 40 percent of
17 kind of non-greenhouse-gas-type generation or usage and
18 that's an incredible goal. I hope we're going to meet
19 that goal. It's going to require a number of efforts
20 as well as maybe just a nuclear plant, too.

21 But I do think there are a lot of these
22 efforts in place right now to help us reach that goal,
23 and so 40 percent by 2020 is a huge goal.

24 Q. So who should pay for the energy efficiency
25 and conservation programs, or how will they be paid?

1 A. Well, Santee Cooper is doing this as kind of
2 a part of their budget. We approved a budget about --
3 actually about a year ago. We assigned somebody, Marc
4 Tye, the vice president, who is really working on this
5 overall program to reach those goals by 2020. And so
6 Santee Cooper -- but the programs that we're involved
7 in, that we're initiating, we're paying for those
8 programs.

9 I know I've talked to people in the state
10 government, and I know there's some programs that the
11 state is involved in. And I think to some degree we
12 probably ought to coordinate those a little bit better.
13 I know there's some funding coming from the federal
14 government that is supposedly delegated to this
15 particular idea as well and maybe that can be
16 coordinated in such a way, too, between Duke and SCANA
17 and Progress and Santee Cooper, where we can find those
18 ways of conserving maybe together.

19 Q. Could you briefly describe and generally
20 describe your understanding of a renewable portfolio
21 standard?

22 A. My understanding of it is it's -- renewable
23 would kind of eliminate coal. I mean, coal and gas,
24 obviously, you're not renewing it. Right now
25 renewables is a tiny, tiny part of our portfolio. I'm

1 trying to talk about the program in Anderson. The
2 methane gas program, that would be part of the
3 renewable.

4 Obviously, sun and solar are something we're
5 working on from a research point of view and doing
6 studies on that. That obviously would be renewable, so
7 that would be part of our portfolio. Again, it's a
8 very small part at this time, but we're doing the
9 groundwork to get there, I guess is my point.

10 Q. Okay. What are your thoughts on the pursuit
11 of alternative energy technologies?

12 A. My thoughts -- I mean, I'm obviously not an
13 engineer or a technician. I think I'm primarily on the
14 board and look more to financial and audit ideas. But
15 my feeling really is that I've studied real closely
16 some of the research that's been done on solar, and it
17 doesn't seem, to me, that we're ready for that in terms
18 of replacing a whole lot of our generation that we have
19 right now.

20 The technology just doesn't seem to be there
21 as far as I'm concerned. I don't think South Carolina
22 is really the ideal place to maybe have a lot of this
23 in place. Some studies that say we have too much
24 liquid in our air or whatever it is, but we really
25 can't have a consistent source of sun that generates

1 the kind of power to be of any major significance in
2 this state with current technology.

3 So I think it's something that we have to
4 study, we have to be open-minded to say that we want to
5 do everything we can to let this play the role it
6 should play, but it's a little hard for me to see how
7 this is going to be a big percentage of our generation
8 or even a tiny percentage of our baseload generation in
9 the future.

10 The same way with wind, I think it's
11 something we're spending the time, we're committed to
12 do the research. We've had an ongoing program for a
13 couple of years now. We just upped that program again
14 recently to study wind. We're in schools and we're in
15 the university trying to promote some research on wind.

16 But again, it's very difficult for me to see
17 with the current situation, the way it is right now, of
18 all the data that we have coming in, it's very
19 difficult for me to see where this is going to be a
20 significant percentage of our generation in the near
21 future. So I'm optimistic, but I'm not --
22 realistically, it's very difficult to see where it's
23 going to play a big role.

24 Q. Approximately what is the current level
25 percentagewise of renewable?

1 A. It's less than -- of sun and solar?

2 Q. Or just renewable in general of Santee
3 Cooper.

4 A. Less than 1 percent.

5 Q. Do you agree with Santee Cooper's decision to
6 spend \$113 million over the next 12 years on energy
7 efficiency programs?

8 A. Yes, I do, and I think it's something we have
9 to continue to emphasize. So the answer is yes.

10 Q. Would you please describe the role that you
11 believe can be played by public power and how Santee
12 Cooper fits into that role?

13 A. Well, the general mission has been to improve
14 the life of people in South Carolina. The specific
15 mission is to provide low-cost reliable energy to
16 people in South Carolina that are served by us,
17 directly or indirectly. I think it's an incredibly
18 important role because I think obviously low-cost
19 energy, if you raise the cost of energy for residents
20 in the state, which is just an extra cost to them, it's
21 like raising their taxes and it's just an extra cost
22 for them to bear. I think it's very, very important
23 for them, just like keeping taxes down, you want to
24 keep cost of energy down as much as you possibly can.

25 Maybe even more importantly, though, I think

1 it also is a job provider. If we want to appeal to
2 industry and manufacturing to stay in this state or
3 come to this state, I think one of the key things
4 they're going to be looking for in the future and they
5 have looked for in the past, even more so in the
6 future, I think, is a low-cost reliable energy source.

7 And so I think -- again, I think it's going
8 to add a whole lot to the quality of life in this
9 state. We can not only make the residents happy that
10 they're paying reasonable costs but also to be able to
11 have economic development in this state. I don't think
12 you can do it if we have much, much higher energy
13 costs, particularly relative to the rest of the
14 country.

15 Q. Okay. Would you please provide an overview
16 of your view of the role of the Santee Cooper director
17 and how that role is different from Santee Cooper's
18 executive staff.

19 A. Well, I think my loyalty, obviously, is to
20 the taxpayers. We're a state-owned authority, and I
21 think the first loyalty is to the taxpayers. I think
22 we're obviously loyal to the long-term viability of the
23 company, and I think that those loyalties are
24 paramount. Our decisions really have to be -- in my
25 opinion, have to be very prudent in terms of what is

1 best for the survival of Santee Cooper regardless of
2 what opinion executive staff may have. We've got to be
3 totally objective, I think, in terms of what we think
4 is the best decision that can be made, but we do
5 respect management and we do consult with management
6 and we do have a high regard for what they've done in
7 the recent past, which is the only history I have.

8 And so I certainly respect their opinions,
9 but I think we have to have an independence in terms of
10 total objectivity on decisions that affect Santee
11 Cooper for the long term.

12 Q. Aside from annual audits by outside firms,
13 what other types of independent expertise should a
14 member of the Santee Cooper board rely upon in his
15 decision making?

16 A. Well, I think the outside audit is obviously
17 the key. I think understanding the outside audit is
18 essential and certainly -- some members of those -- of
19 that board have to have some background in that area in
20 understanding audits. We obviously have people on the
21 board that are engineers and that understand maybe more
22 of the engineering aspects than the financial aspects,
23 but I think it's a well-balanced board in the sense of
24 there are people who had experience with cooperatives
25 and in the engineering aspects and experience with

1 legal work, which I think is obviously important. And
2 there are at least two, three members of that board
3 that have had a fair amount of experience in the
4 capital markets and financial audits.

5 And so I think that hopefully that is my
6 strength, is I do somewhat -- I have a pretty good
7 understanding of the capital markets, pretty good
8 understanding of the credit markets, and I've had to
9 study audits for about 40 years or 35 years, so they're
10 kind of interesting to me. So I do understand them. I
11 think that is the key -- the real key road map to find
12 out where you are, where you're heading, whether you
13 have the ability to get there is the outside audit.

14 We also -- I work pretty closely -- because
15 I'm chairman of that committee, I work pretty closely
16 with our internal auditor, too. I think that's
17 important as well. Again, I think that is the key road
18 map. I don't know if I answered your question.

19 Q. So you're chairman of the finance audit
20 committee?

21 A. Uh-huh.

22 Q. What other committees do you serve on?

23 A. Let me see. I'm chairman of that committee.
24 I serve on human resource -- yeah, human resource, and
25 I'm trying to think of the other committee. It's

1 slipping my mind right now. It slips my mind right
2 now. It's in my writing there.

3 Q. Okay. I don't have it right in front of me.
4 I can find it. We'll go to your --

5 A. The lion's share of my time actually is
6 devoted to the financial audit committee. I think
7 that's about 80 or 90 percent of my board meeting
8 responsibilities relate to that committee.

9 Q. And that leads me to my next question. How
10 much time, now that you're there, about how much time
11 does it take to prepare for and attend all the
12 committee meetings, and is it more than you expected or
13 about what you expected?

14 A. It was about what I expected until I became
15 chairman of that committee, and then it's increased by
16 a factor of about four or five. But I think that's --
17 I've enjoyed it and I think it's something that
18 hopefully adds a little value to it. But it's
19 something I do have an understanding of so it wasn't
20 something I had to kind of learn -- get up on a sharp
21 learning curve like I would if -- when we start talking
22 about gigawatts and megawatts and so forth, I wasn't
23 sure if I was in the right room. But when you start
24 talking about audits, I kind of say, oh, yeah, I'm back
25 where I need to be. So I guess that answers your

1 question.

2 It has been somewhat time consuming being
3 chairman of that committee because there's just a whole
4 lot of things. And your monthly financial numbers, you
5 know, you really need to go over those and understand
6 those. And your projections, you need to be -- you're
7 signing off on all this in your annual statement, so
8 you better have a pretty clear understanding of what
9 you're signing off on.

10 Q. So does any of your affiliation with any of
11 the professional, civic, charitable groups present any
12 kind of conflict --

13 A. Not that I'm aware of.

14 Q. -- to your service?

15 Do you have any financial conflicts of
16 interest where you've had to recuse yourself from
17 anything?

18 A. No. Early on, I made it -- let it be known
19 that I had been a long-time employee at Lehman. Now
20 that they're not there anymore, I don't guess I have
21 any conflicts even indirectly anymore.

22 Q. And do you have any holdings in any electric
23 utilities or other entities that might be impacted by a
24 decision of the Santee Cooper board?

25 A. I do own some Duke and SCANA and Progress.

1 I've had them years and years. But I don't think any
2 decision I would make would have any effect on that.
3 I've owned those for years and years, so ...

4 Q. Do you have any direct or indirect business
5 relationships with Santee Cooper --

6 A. No.

7 Q. -- or any of its -- okay.

8 I believe you came on the board after a
9 little bit of controversy.

10 A. That's what I heard.

11 Q. So what's your opinion about the importance
12 of board unity?

13 A. Well, I think it's incredibly important. If
14 you don't have some collegiality, it's hard to engage
15 people to use their strengths. And as I say, we've got
16 members of that board that all have strength in certain
17 areas and when you mesh them altogether pretty well, it
18 makes a very good board, I think. And if you don't
19 have collegiality, they don't mesh, and they just sit
20 there disliking each other.

21 So I think that -- O.L. Thompson is our
22 chairman. He's been, I think, the catalyst to
23 improving the relationship among board members and
24 creating a very collegial businesslike environment. So
25 I take no credit for the fact that that board is very

1 collegial and very businesslike, I give all that credit
2 to Chairman Thompson.

3 Q. So how do you describe your temperament?

4 A. I don't know if I've ever described my
5 temperament or not. I would probably have to leave
6 that with others.

7 Q. You would have to ask them?

8 A. Yeah, I wouldn't know how to describe it
9 really.

10 Q. Okay. I know we asked this in your written
11 questions, but I'll also ask it here. You mentioned in
12 2006 the first three things that you had planned to do
13 as a member of the board. And -- do you have a copy of
14 your responses?

15 A. I think that --

16 Q. Do you want to look at this?

17 A. I'll be glad to.

18 Q. I was just wondering if you accomplished
19 those goals that you had set forth for yourself.
20 That's question one.

21 A. I said I would learn more about the industry
22 and Santee Cooper, and I think I've been on the board
23 at a time where there never could have ever been a
24 better time to learn a whole lot about Santee Cooper
25 and the utility. There's so many critical decisions

1 that had to be made relative to financing, relative to
2 construction of new generation projects. So I think
3 it's been a great time to be on the board in terms of
4 you were able to learn a whole lot about a whole lot of
5 things fairly quickly. It's kind of like drinking
6 water out of a fire hose, it's just coming at you from
7 day one. So I think that's happened.

8 And the other goals were to help create a
9 collegial atmosphere on the board, make it more
10 businesslike. And that's happened, but I don't
11 think -- again, I don't deserve any credit for that.
12 It was kind of there when I got there. And the other
13 thing was just to -- I guess those are the two main
14 goals it says here.

15 Q. Okay. So we find out in question three, the
16 other committee was the legal affairs?

17 A. Legal affairs. But I'm not a lawyer, so I
18 just mainly listen on that committee.

19 Q. Okay. Well, do you have any other brief
20 statement you would make to make to Mr. Ott about your
21 desire to continue serving?

22 A. I would absolutely enjoy serving, continuing
23 to serve. It's been rewarding. I've enjoyed it. I do
24 think -- it's a little redundant, but it's a critical
25 time for Santee Cooper. I think the confluence of

1 problems that they're going to have to deal with in the
2 next decade I think are the greatest that they've ever
3 had to deal with in their 75-year history.

4 Legal, legislative, financial, energy source
5 questions and so forth, so I think it's going to be a
6 very critical time. And I would enjoy serving on this
7 board. I think it's very, very important that those
8 board members all be very capable and be able to make
9 decisions in a very objective way because I think
10 there's going to be a whole lot of decisions that have
11 to be made, and they're going to be critical decisions.

12 They're going to be critical decisions
13 relative to creditworthiness, relative to responding to
14 legislation coming out of Washington and critical
15 situations in terms of having the generation to meet
16 the demand that are going to be required.

17 So it is really going to be a crucial and
18 important time to be on that board and be part of the
19 decisions that need to be made. So whether I'm on
20 there or somebody else is on there, I think the quality
21 of -- the quality of people that need to serve on that
22 board, I think it's never been more crucial that they
23 be able to make the right decision. To be discerning
24 and objective and so forth.

25 MS. COOMBS: That's all I have.

1 REP. OTT: I've got a few and we're going to
2 wrap up. I want to thank you, and I'm very impressed
3 by the quality of your answers that you have come
4 prepared to give today.

5 MR. WYNN: Thank you.

6 BY REP. OTT:

7 Q. A couple that we didn't touch on and one is
8 real important to me, and I've asked all the people
9 that have been here. 99.9 percent of what you do as a
10 board member is related to the generation of
11 electricity and keeping it going. But one-tenth of one
12 percent is important to some of us as it relates to
13 dealing with the lake and keeping all those people
14 around the lake happy and keeping those of us who hunt
15 and fish on the lake happy.

16 A. Right.

17 Q. Do you accept that that's part of your
18 responsibility as a board member, kind of keeping your
19 hands on what's going on in and around the lake?

20 A. Yes. I will admit that there are members on
21 that board that kind of grew up on that lake, and they
22 have a much more intimate understanding of life on the
23 lake than I do growing up in Spartanburg. But I do
24 understand how important it is to the culture, to the
25 life experiences and so forth of those people who live

1 approximately around the lake or near the lake. So I
2 think it's important.

3 We look at all of those things and factor in
4 the importance of that lake for recreational purposes
5 and other. In fact, our last board meeting we spent a
6 lot of time trying to make sure that whatever we did
7 relative to leases on the lake were for the betterment
8 of all. In other words, we need to improve the quality
9 of the lake, the management of the lake, the
10 accessibility of the lake. All those things need to be
11 protected. And I think that you've got the right
12 balance.

13 But I will say that I do take a little bit
14 of -- a step back a little bit on that issue because I
15 do think there are people on that board that are more
16 familiar with it and more able to maybe discern what
17 are some of the best courses of action to make sure
18 it's well protected.

19 Q. Let's talk about conservation a little bit.
20 I represent a rural district who has an abundance of
21 old double-wide trailers, mobile homes, whatever we
22 want to call them --

23 A. Right.

24 Q. -- who are terribly inefficient when it comes
25 to the use of energy.